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BARBADOS MAN INDICTED FOR ALLEGEDLY OBTAINING MORE THAN \$10 MILLION BY FILING HUNDREDS OF FRAUDULENT FEDERAL TAX RETURNS

CHICAGO — A Barbados national who has lived in cities across the United States, was arraigned today on federal charges alleging that he fraudulently obtained more than \$10 million from the United States in federal income tax refunds by filing hundreds of bogus tax returns claiming refunds totaling more than \$120 million between 2007 and 2011. The defendant, **Andrew J. Watts**, allegedly prepared and submitted false federal tax returns using the names and social security numbers of actual taxpayers who were deceased and in the names of deceased individuals who were falsely represented to be alive at the time the returns were filed. Watts then directed that the false tax refunds be mailed to addresses he controlled and electronically deposited into bank accounts under his control, including an address and a bank account in Chicago, the charges allege.

Watts, 34, whose last known residence was in Newark, N.J., was arrested on April 29, 2011, in Kansas City and returned to Chicago to face prosecution. A federal grand jury returned a 27-count indictment on May 26 charging Watts with 14 counts of filing false claims against the United States, 9 counts of aggravated identity theft, and four counts of mail fraud. The indictment also

seeks forfeiture of at least \$10 million. Watts, a permanent resident alien, has resided previously in Chicago, New York, Los Angeles, and Beverly Hills, Calif.

Watts pleaded not guilty at his arraignment today before U.S. District Judge Joan Gottschall, who ordered that he remain detained in federal custody without bond. A status hearing was set for Aug. 10.

The charges were announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Lucy Cruz, Acting Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago.

“At the IRS, protecting taxpayer money is a matter we take extremely seriously. We are determined to put a stop to alleged false tax refund schemes,” Ms. Cruz said.

According to the indictment, between February 2007 and April 2011, Watts prepared and submitted false income tax returns and made them appear to be legitimate by creating false W-2 Forms for the deceased taxpayers. Watts allegedly signed the returns, falsely claiming to be the deceased taxpayers’ authorized representative and forged the deceased taxpayers’ signatures to the returns in which the deceased taxpayers were represented to be still living. In total, Watts filed more than 470 false federal tax returns claiming refunds in excess of \$120 million and caused the IRS to issue refunds totaling more than \$10 million, the indictment alleges.

The government is being represented by Assistant U.S. Attorney Patrick J. King, Jr.

Each count of mail fraud carries a maximum penalty of 20 years in prison; each false claims count carries a maximum prison term of 5 years; and each count of aggravated identity theft carries a maximum of 2 years in prison, which may run concurrently to each other but must be served consecutively to any sentence imposed for other crimes. In addition, each count carries a maximum

fine of \$250,000 fine, and the mail fraud counts carry an alternative maximum fine of twice the gain or twice the loss, whichever is greater. If convicted, the Court, must impose a reasonable sentence under the advisory United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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